

Public Service Commission of Wisconsin
Surrebuttal Testimony of Denise Schmidt
Division of Water, Compliance, and Consumer Affairs

Public Service Commission of Wisconsin
Docket 3720-WR-108

June 20, 2014

1 Q. Please state your name, business address and occupation.

2 A. My name is Denise Schmidt. I am employed as a Program and Policy Analyst by the
3 Public Service Commission of Wisconsin in the Division of Water, Compliance and
4 Consumer Affairs. My business address is 610 North Whitney Way, PO. Box 7854,
5 Madison, Wisconsin, 53707-7854.

6 Q. Have you previously submitted rebuttal testimony in this proceeding?

7 A. Yes.

8 Q. What is the purpose of your surrebuttal testimony?

9 A. The purpose of my surrebuttal testimony is to address the evidence provided in the
10 rebuttal testimonies of Christine Cramer and Erik Granum that were presented in support
11 of customer class demand ratios used in MWW's Revised Cost of Service Study.

12 Q. You stated in your rebuttal testimony (Rebuttal-PSC-Denise Schmidt-3) that you believe
13 there are sufficient deficiencies in the scope of data collected and analysis of that data to
14 warrant further study before incorporating demand ratios derived into a cost of service
15 study. Given the information contained in Ms. Cramer and Mr. Granum's testimony and
16 supporting exhibits, are these deficiencies still of concern to you?

17 A. I still have concerns over the fact that the time periods over which data was collected
18 differed between customer classes. However, I believe that Ms. Cramer addressed the
19 sample size deficiencies adequately in her rebuttal testimony. Ms. Cramer's Exhibits 3-10

1 support her assertion that adding more customers to the samples has a minimal impact on
2 both maximum day and maximum hour ratios.

3 Q. Do you believe the results of the Customer Demand Study provide a basis for revising
4 demand ratios used in MWW's 2009-2010 cost of service study?

5 A. Yes, I believe they provide a good starting point. While gaps in the data clearly exist, I
6 believe that Ms. Cramer and Mr. Granum's rebuttal testimony provide sufficient evidence
7 to indicate that a departure from customer demand ratios used in the last rate case is
8 justified. While it is likely wrong to conclude, as does Mr. Granum, that the "best"
9 demand ratios are those derived from the data set collected in the Customer Demand
10 Study (Rebuttal-MWW-Granum-22), it is equally fallacious to assert, as does Eric
11 Rothstein (Direct-Wholesale Customers-Rothstein-14) that one can conclude absolutely
12 nothing from the data collected, and the results of the Customer Demand Study should be
13 discarded. I do believe that, in order to derive more definitive demand ratios, additional
14 data collection efforts are warranted. However, it is not unreasonable to conclude that the
15 demand ratios developed in the Customer Demand Study better reflect the present day
16 water use patterns of a large and diverse customer base than do those used in the last rate
17 case, and that some revision in those demand ratios is appropriate.

18 Q. Does this conclude your surrebuttal testimony?

19 A. Yes, it does.

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